

**Office of Economic Development  
Economic Development Advisory Board  
MEETING MINUTES**

**Date:** April 6, 2010: **Time:** 7:30 A.M.

**MEMBERS PRESENT**

Rich Adams  
Christian Alder  
Terry Benelli  
Jared Langkilde  
Jim LeCheminant  
Jeff Pitcher  
Jo Wilson  
Steve Wood

**EX-OFFICIO**

Mayor Scott Smith (excused)  
Chris Brady (excused)  
Brian Campbell (excused)  
Jeff Crockett  
Charlie Deaton  
Steve Shope

**STAFF PRESENT**

Betsy Adams  
Natalie Lewis  
William Jabjiniak  
Jaye O'Donnell

**MEMBERS ABSENT**

Steve Parker (excused)

**GUESTS**

Barry Broome  
Lois Yates

**1. Chair's Call To Order**

Chair Jim LeCheminant called the April 6, 2010 meeting of the Economic Development Advisory Board to order at 7:32 A.M. at the City of Mesa Council Chambers, Lower Level, 57 E. 1<sup>st</sup> Street, Mesa, AZ 85201.

**2. Items from Citizens Present**

None

**3. Approval of Minutes from February 2, 2010 board meeting.**

Chair LeCheminant called for a motion to approve the minutes from the meeting held on February 2, 2010.

**MOTION:** Christian Alder moved that the minutes from February 2, 2010 be approved as written.

**SECOND:** Jo Wilson

**DECISION:** Passed unanimously.

**ABSTAINED:** Rich Adams abstained due to his absence on February 2, 2010.

**4. GPEC presentation on current initiatives, policy issues and partnerships**

Mr. Barry Broome, President and CEO of Greater Phoenix Economic Council (GPEC), gave a brief update on Advancing Opportunities in Greater Phoenix. Mr. Broome reminder EDAB that they are a regional model where public and private members

collaborate to promote the Greater Phoenix area as a great place to grow business. GPEC is supported by 18 cities and towns, and more than 140 private-sector businesses. They are the catalyst that strengthens the region's economic base, ensuring it is both diversified and competitive.

Leading regional Economists project that Arizona will feel the recession's effects until the year 2014. They are projecting that the year 2010 will be the third consecutive year for job losses, and home prices should begin to stabilize in 2011. The Economists also are predicting 50,000 single-family home permits will be taken out for 2012 and jobs will return to the 2007 peak in 2013 with an unemployment level of 6% or less in 2014.

GPEC is hoping to accelerate economic recovery by guiding economic development objectives such as:

**Business Development**

- Create and maintain high quality jobs and investment through industry diversification.
- Proactively pursue the best projects that meet community and regional objectives.

**Competitiveness**

- Establish targeted, sound economic development programs that enhance regional and state competitiveness.

**Marketing**

- Market strengths and assets using new, non-traditional tools.

Companies have ranked the factors they consider are affecting location/relocation decisions:

1. Labor cost
2. Highway accessibility
3. Tax exemptions
4. Energy availability and costs
5. Corporate tax rate
6. Availability of skilled labor
7. Occupancy or construction costs
8. State and local incentives
9. Availability of advanced ICT services
10. Inbound/outbound shipping costs

GPEC has 21 sales missions to California planned for FY 2010/2011 with approximately 23% of GPEC's current prospects coming from California. Corporate headquarters and Fortune 500 companies are leaving California. In California the high-tech/manufacturing industry continues to lose ground due to regulatory climate, and the tax burden. Both of these factors contribute to California's reputation as a difficult and costly place to do business. There is also a wide gap between capacity for ingenuity and entrepreneurship, and the ability to efficiently commercialize innovation in manufacturing in California.

California remains a national innovation leader in the key industries of high-tech, clean-tech and biotech, but Arizona has the ability to capture business opportunities linked to

the Golden State's success. Arizona is a natural partner and offers a solution to California's gap following innovation and commercialization of high-tech, given our established manufacturing operations environment. Greater Phoenix is an ideal environment for small-to medium-sized headquarters relocations and corporate/regional expansions for advanced business and financial services industry.

Mesa partners with GPEC in their selling approach by responding to GPEC E-Tracks along with access to intelligence tools for competitive business cases and regional representation at various events.

The passage of the Renewable Tax Incentive Program advances Arizona's capabilities to increase competitiveness and also assists in improving Arizona's business climate. GPEC has created a new web-site which gives new exposure for the regions assets and increases the exposure for Mesa.

Mr. Broome commented that Arizona is the only state in the nation that does not have a Job Training Program and also the only state without a Tax Increment Financing (TIF) law. TIF dedicates tax increments within a defined district to finance debt issued to pay for a project and is designed to channel funding toward improvements in distressed or underdeveloped areas where development might not otherwise occur. TIF is crucial to Mesa, Tempe, Phoenix, and parts of Scottsdale for future development. TIF could be used in Mesa to develop/extend the Light Rail Transit system and the development around the airports.

GPEC is leading a contingent of 60 Valley leaders to Washington, D.C. the week of April 12, 2010 to talk with a host of people and bolster the state's business image. The contingent will focus on meeting with Pentagon and U.S. Department of Defense officials regarding the state's aerospace and defense industry and on pushing for potential funding through the U.S. Department of Energy for solar and renewable ventures.

Mr. Jabjiniak thanked Mr. Broome for all the help GPEC has provided to the whole state over the last few years. He commended Mr. Broome for proposing a cut in GPEC fees to help Mesa's budget. Our department has been asked to cut our budget by 10% again for the fiscal year 2010/2011. With GPEC voluntarily cutting their fees that will be a major help for the coming budget.

#### **5. Presentation on the Mesa Chamber of Commerce Business Retention and Expansion Program**

Mrs. Lois Yates explained that the Mesa Chamber of Commerce Business, Retention and Expansion Program (BRE) for 2009/2010 had 11 teams with 2 people on a team. There were 55 targeted companies with only 22 companies visited and surveyed. Of those 55 companies identified; 6 companies were identified as being out of business; 2 companies were in the process of getting new General Managers and were not interested in talking at that point; 2 companies had rescheduled appointments several times but had an interest in working in the future with the team; and 23 companies declined to participate. Of the companies visited and surveyed; 55% had less than 25 employees; 50% were manufacturing; and 41% did business internationally. The Workforce was the number 1 winner on the list with 95% of the people rating worker stability and reliability as good to excellent; 86% rated worker availability as good to excellent, but with a concern for the

future; and 81% rated the workforce quality good to excellent in Mesa. A concern of the companies surveyed is whether they will be able to find the skilled workers needed when the economy rebounds.

Comments on the community strengths were: 22% felt Mesa is a hub city with great access; 22% felt there was a great quality of life; and 14% said there was great government support. Along with the strengths there are always weaknesses which are: 23% mentioned concern for quality of life issues; 18% felt the fire department is very adversarial; and 14% felt the city has a bad attitude toward business.

Other comments from the companies surveyed are:

- Tougher building codes were needed
- City helps new companies and not existing companies
- Not aggressive in infill
- Hard to deal with the management at Falcon Field
- Lack Business Registry
- Losing competitive edge
- Lack of communication with businesses from the City
- Rental tax
- Defense Department policies
- Not finding future workers

Several barriers to growth are:

- 14% said tight credit markets are inhibiting their growth
- 18% said that the markets are depressed for people to buy their products
- 14% said the economy is bad so they are not doing as well as before

Recommendations:

- Revamp the sign ordinances – to restrictive
- Chamber should set up an employment on-line site for finding employees easier
- East Valley should have a Level 2 Trauma Center
- Chamber should promote a “Shop Local” incentive

Mr. William Jabjiniak thanked Mrs. Yates, Mr. Deaton and the volunteers for all the effort that has gone into the BRE program. He encouraged the Board members and community to become involved with the BRE Program at the Chamber of Commerce.

## **6. Directors Report**

Mr. Jabjiniak encouraged the EDAB to read the latest Economic Reporter newsletter. He also thanked the Board for attending the March Spring Training Breakfast in place of the regular EDAB meeting on short notice.

The B2B Event was a huge success. The Economic Development staff along with the City Management and Mesa Chamber of Commerce co-hosted 4 other Spring Training events during the month of March with more than 250 people in attendance.

The City of Mesa is co-hosting a reception, in partnership with Phoenix/Mesa Gateway Airport and GPEC, for the Maintenance, Repair and Overhaul (MRO is aviation related) Conference on April 20-22, 2010 in Phoenix.

The Educational Feasibility Study is almost completed. Several months ago money was given to conduct an Educational Feasibility Study along with a recruiting strategy. The contract has been signed and Tri Advocates has been hired to carry out the study. Even before the study started there were 7 or 8 educational institutions that inquired or heard of the City's interest in being able to accommodate their growth.

The Healthcare Feasibility Study has run into a snag. Several items are being reworked to fit into the budget. More information will be forthcoming at a later date.

The Technology Accelerator business plan is almost complete. This has been a joint effort with ASU to assist in writing the business plan. A "Draft" has been completed and when finalized a copy will be given to the Board.

The Executive Subcommittee met on March 24, 2010 and discussed recommendations for the election of new officers to be conducted at the June EDAB meeting. Board members were encouraged to give suggested recommendations/nominations to any of the members from the Executive Subcommittee or Mr. Jabjiniak for the May EDAB meeting.

The Workforce Subcommittee will meet on Tuesday, April 13, 2010 at 9:00 a.m.

Mr. Jabjiniak commented that he will be traveling to Washington, D.C. with GPEC on April 12-15, 2010. Several other trips are coming up in May and possibly June.

#### **7. GPEC Update**

No report was available.

#### **8. Other Business**

Chair LeCheminant encouraged the Board to recommend to the City Council to grant whatever is necessary to properly apply for and receive an allocation of tax credits through the New Market Tax Credit Program.

**MOTION:** Jo Wilson moved to encourage the City Council to grant the necessary authority to continue the process of applying for and receiving an allocation of tax credits through the New Market Tax Credit Program.

**SECOND:** Jeff Pitcher

**DECISION:** Passed unanimously

Mr. Jabjiniak reminded Christian Alder, Jo Wilson and Steve Wood of their term ending on June 30, 2010. To continue another 3 year term a letter to the Mayor (with a copy to Mr. Jabjiniak) needed to be submitted, no later than the middle of May, indicating interest or declining appointment to a 2<sup>nd</sup> term.

Chair LeCheminant reminded the EDAB members of the next scheduled meeting on May 4, 2010 to be held at the City of Mesa Council Chambers, Lower Level, 57 E. 1<sup>st</sup> Street, Mesa, Arizona 85201.

**9. Adjournment**

Chair LeCheminant adjourned the meeting at 9:03 a.m.

Submitted By:

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William J. Jabjiniak  
Economic Development Department Director  
(Prepared by Betsy Adams)